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C O N F I D E N T I A L CARACAS 000731

SIPDIS

E.O. 12958: DECL: 06/11/2019
TAGS: ECON ETRD PREL EINV PGOV VE
SUBJECT: VENEZUELA: COCA-COLA ZERO BANNED

Classified By: Economic Counselor Darnall Steuart for reasons
1.4 (b) and (d).

¶1. (C) Summary: On June 10, Mexican-owned Coca-Cola Femsa was notified by the Venezuelan government of an administrative review corroborating the ingredients of Coca-Cola Zero. Femsa voluntarily complied and has temporarily pulled Coca-Cola Zero from the Venezuelan market. Despite what Femsa thought was a gentleman's agreement "to handle the matter in a low-profile manner," the Venezuelan Minister of Health and Social Protection announced to the press a ban on the sale of Coca-Cola Zero, alleging that it contains ingredients harmful for human consumption. Coca-Cola Femsa is complying with the mandated testing of the product, but the company is worried about damage to the brand due to the aggressive action taken against it by the Venezuelan government. End Summary.

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Venezuelan Government Takes on Coca-Cola Zero
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¶2. (SBU) On June 10, Venezuelan Minister of Health and Social Protection Jesus Mantilla announced to the local press that the government had ordered Coca-Cola Femsa to withdraw Coca-Cola Zero from the Venezuelan market. Mantilla alleged, without specifying, that ingredients contained in Coca-Cola Zero are harmful for human consumption. Mantilla also stated that the Ministry of Health and Social Protection (MOH) had undertaken an inspection of Coca-Cola Femsa in Venezuela.

¶3. (C) On June 11, EconOff spoke with Rosy Alvarez, Manager of Public Relations and Communications for U.S.-owned Coca-Cola Services in Venezuela (please protect throughout.) Alvarez said that Coca-Cola Femsa had been visited on June 10 by a MOH Sanitary Inspector, who opened an administrative proceeding against the company. Alvarez said the MOH privately alleges that Coca-Cola Zero contains sodium cyclamate. Alvarez stated Coca-Cola Femsa's three positions in response to the allegations: Coca-Cola Zero contains no harmful ingredients; it does not contain sodium cyclamate; and Coca-Cola Femsa will comply with Venezuelan law and work closely with the MOH to resolve this issue. She added that Coca-Cola Femsa viewed this proceeding as a technical process.

¶4. (C) Coca-Cola Femsa, according to Alvarez, had reached a gentleman's agreement with the MOH inspection team, by which Coca-Cola Femsa would submit to various sanitary and ingredients tests as well as a low-profile handling of the matter. Alvarez and her team were surprised by Mantilla's public announcement of the action, which came approximately fifteen minutes after Coca-Cola Femsa and MOH officials had reached this agreement. The aggressive and very public manner in which Mantilla is handling this matter, according to Alvarez, may cause great damage to the Coca-Cola Zero

brand.

CAULFIELD